Oh Beng Hai & Anor v Dickson Wong (M) Bhd & Anor

HIGH COURT (PULAU PINANG) — ORIGINATING MOTION NO 25-68-97 Oh Beng Hai v Dickson Wong (M) Bhd
JEFFREY TAN J (Jeffrey Tan J)
8 JULY 1998

Trade Marks *— Registered trade mark — Action for infringement — Closely resembling trade marks — Whether situation covered by ss 35(2) and 40(1)(f) of Trade Marks Act 1976*

The applicants are the registered proprietors of a registered trade mark in relation to domestic sewing machines whilst the first respondent is the registered proprietor of a registered trade mark in relation to industrial sewing machines. Both the applicants' and the first respondent's trade marks bear the image of a flying horse. The applicants' are seeking for an order declaring that the use of the mark of the flying horse on the respondents' sewing machine (D2) is a false trade description under s 16 of the Trade Descriptions Act 1972.

Questions were raised as to whether D2 is a domestic sewing machine (in which case, the parties agreed, there would have been an infringement of the applicants' trade mark), and whether the use of the flying horse on D2 constitutes a trade mark infringement since in this case there are two registered trade marks which are substantially identical.

Held, dismissing the applicants' motion with costs:

(1) For the purposes of the Trade Descriptions Act 1972 and Trade Marks Act 1976 and on the matter of the alleged infringement of the applicants' trade mark entered in respect of domestic sewing machines, the Harmonized Commodity Description Code is not the acid test to categorize D2. To be fair, D2 must be categorized by its function/s. D2, with only one function to stitch an overlock, could not reasonably have been designed for use in the home or household for domestic or household purposes. There was no infringement of the applicants' trade mark (see pp 190H–191E).

(2) The word 'PEGASUS' in red appearing below the respondents' red flying horse distinguishes the respondents' trade mark from the applicants' trade mark. The two trade marks are not identical or so nearly resembling each other as is likely to deceive or cause confusion in the course of trade in relation to goods in respect of which the trade marks are registered. Furthermore, by s 35(2) of the Trade Marks Act 1976, the applicants have not acquired any exclusive use to its trade mark as against the respondents by registration of its trade mark. The use of a trade mark which is one of two or more registered trade marks which are substantially identical in exercise of the right to the use of that trade mark given

by registration as provided by the Act does no constitute an infringement of a trade mark (s 40(1)(f)) (see p 191F–I). A

[Bahasa Malaysia summary

Pemohon-pemohon adalah pemilik berdaftar cap dagangan berdaftar berkenaan dengan mesin jahit domestik sementara responden pertama adalah pemilik berdaftar cap dagangan berdaftar berkenaan dengan mesin jahit industri. Kedua-dua cap dagangan pemohon dan cap dagangan responden pertama mempunyai imej kuda terbang. Pemohon-pemohon memohon untuk suatu perintah menisytiharkan bahawa penggunaan tanda kuda terbang di atas mesin jahit responden (D2) adalah gambaran dagangan yang palsu di bawah s 16 Akta Perihal Dagangan 1972. B C

Persoalan -persoalan telah dibangkitkan sama ada D2 adalah mesin jahit domestik (di mana, pihak-pihak telah bersetuju, terdapat pelanggaran cap dagangan pemohon-pemohon), dan sama ada penggunaan kuda terbang di atas D2 terjumlah kepada pelanggaran cap dagangan oleh kerana di dalam kes ini terdapat dua cap dagangan berdaftar yang hampir serupa. D

Diputuskan, menolak usul pemohon dengan kos:

(1) Bagi tujuan Akta Perihal Dagangan 1972 dan juga Akta Cap Dagangan 1976 dan mengenai pelanggaran cap dagangan pemohon-pemohon yang dimasuki berkenaan dengan mesin jahit domestik, Peraturan Gambaran Komoditi Disatukan bukanlah ujian untuk mengkategorikan D2. Bagi keadilan, D2 mestilah dikategorikan melalui peranan atau peranan-peranannya. D2 yang mempunyai satu fungsi untuk menjahit bahagian tepi, tidak boleh secara munasabah direka untuk pengunaan di rumah atau sebagai alat rumah untuk pengunaan domestik. Tidak terdapat pelanggaran mengenai cap dagangan pemohon (lihat ms 190H–191E). E F

(2) Perkataan 'PEGASUS' yang bertanda merah yang tertera di bawah kuda terbang merah responden membezakan cap dagangan responden daripada cap dagangan pemohon-pemohon. Kedua-dua cap dagangan tersebut bukanlah serupa atau hampir serupa sesama sendiri sehingga berlaku penipuan atau kekeliruan di dalam perjalanan dagangan berkenaan dengan barangan di mana cap dagangan adalah didaftarkan. Lebih-lebih lagi, melalui s 35(2) Akta Cap Dagangan 1976, pemohon-pemohon belum mendapat penggunaan eksklusif cap dagangan mereka terhadap responden-responden dengan pendaftaran cap dagangan mereka. Penggunaan cap dagangan antara dua atau lebih cap dagangan berdaftar yang hampir serupa di dalam pelaksanaan hak untuk menggunakan cap dagangan tersebut yang diberikan melalui G H I

A pendaftaran seperti yang diperuntukan oleh Akta tersebut tidak terjumlah kepada pelanggaran cap dagangan (s 40(1)(f)) (lihat ms 191F–I).]

Notes

B For a case on action for infringement of a registered trade mark, see 12 *Mallal's Digest* (4th Ed, 1996 Reissue) para 1262.

Cases referred to

C *Fabrique Ebel Societe Anonyme v Syarikat Peniagaan Tukang Jam City Port & Ors* [1988] 1 MLJ 188 (refd)

Union Marketing (M) Sdn Bhd v Yeo Seo Khai [1991] 3 CLJ 2602 (refd)

D **Legislation referred to**

Trade Descriptions Act 1972 s 16

Trade Marks Act 1976 ss 35(1), (2), 38(1), 40(1)(f)

Tay Eng Siang (*Beng Yeam & Associates*) for the applicants.

Richard Huang (*Peter Huang & Richard*) for the respondents.

E **Jeffrey Tan J**: This is the applicants' motion for an order declaring, under s 16 of the Trade Descriptions Act 1972, that the use of the mark of 'Flying Horse' in relation to sewing machines not produced nor sold by the applicants is a false trade description in its application to the aforesaid sewing machines — 'adalah dianggap sebagai suatu perihal palsu dalam F maksud Akta Perihal Dagangan 1972'.

Mr ES Tay, for the applicants, and Mr Richard Huang, for the respondents, apprised the court, on 16 March 1998, that it is common ground that the applicants are the registered proprietors of a registered trade mark, M/34543, in relation to domestic sewing machines, and that the first G respondent is the registered proprietor of a registered trade mark, M/83718, in relation to industrial sewing machines. But there is a 'serious dispute', counsel informed the court, as to whether the sewing machine in question (D2) is a domestic sewing machine or an industrial sewing machine, and that both parties would adduce and rely solely on oral evidence, rather than any affidavit evidence, to resolve that issue. Both counsels said that that is H the only issue and that the parties have agreed that the applicants' trade mark would have been infringed if D2 is a domestic sewing machine but not an industrial sewing machine.

The trial, as it turned out, was pleasantly short, for there was only one witness from each side.

I Roslan bin Yusoff (PW1), a Senior Assistant Director of Customs attached to the Classification Branch of the Royal Malaysian Customs

Department, testified that the respondents' sewing machine bearing No 053317 (exh D2) is a domestic sewing machine. PW1 further testified that D2 under the Harmonized Commodity Description and Coding System, s XVI, 84.52, is a domestic sewing machine, that household goods under s XVI, 84.52, include all goods used for household purposes, and include all goods for use in hotels, restaurants, boarding houses, hospitals, canteen and barracks, and that Malaysia is a member of the World Customs Organization that produced that code. PW1 tendered a typed explanation (P3) for his classification of D2 as a domestic sewing machine, and said that the classification of goods is to facilitate trade between nations. Under cross-examination, PW1 agreed that the first respondent, in customs declaration forms, had declared that machines identical to D2 were for industrial use.

However, Hiroshi Oda (DW1), the Managing Director of Pegasus Sewing Machine Pte Ltd of Singapore and a Director of Pegasus Sewing Machine Manufacturing Co Japan Ltd ('Pegasus'), testified that D2 is an industrial sewing machine. The rest of DW1's testimony may be paraphrased as follows. Pegasus is the 'parent company' of Mima Seiki Co Ltd Japan ('Mima Seiki'). Pegasus has been producing sewing machines and has been using the trade mark of a 'Flying Horse' since 1914. Pegasus has registered its trade mark in Malaysia. Mima Seiki produces 'mammylock' overlock sewing machines. D2 is a special machine for use in small factories and some tailor shops — it can only be used to stitch the edges or stitch what is called an overlock. It cannot be used to stitch a garment from the beginning to the end. D2 has only one function — to stitch the overlock. A domestic sewing machine has one needle and one thread. Pegasus supplies machines similar to D2 to the first respondent. D2 is an industrial machine.

Submissions were also short. Mr Huang contended that it has been proved that D2 is a specialized machine with a limited function and not for domestic use. Mr Huang also contended that the use of a trade mark, in which one of two or more registered trade marks which are substantially identical, in exercise of the right to the use of that trade mark given by registration, does not constitute an infringement of a trade mark. But Mr Tay contended that D2, basing on PW1's testimony, is a household machine and that the Harmonized Commodity Description Code should be used. On DW1's testimony, Mr Tay contended that DW1 was an interested party and that his testimony could not be 'relied on'.

The court observed that both the applicants' and respondents' sewing machines (P1 and D2 respectively) have an almost identical mark — a red flying horse, not unlike the red flying horse that emblazoned Mobil petrol stations of old. The court also observed that the word 'PEGASUS' in red appears prominently below the respondents' red flying horse. As said, the applicants claim that their trade mark, M/34543, had been infringed, whilst the respondents contend that a different trade mark, M/83718, was used in relation to industrial sewing machines, in respect of which M/83718 is registered.

On infringement of a trade mark, s 38(1) of the Trade Marks Act 1976 reads as follows:

> A registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or registered user of the trade mark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to goods ... in respect of which the trade mark is registered in such a manner as to render the use of the mark to be taken either —
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> (a) as being use of a trade mark; or ... .

'In order to establish infringement of the trade mark, the plaintiff has to satisfy the following five requirements: (a) the defendants used the mark identical with the plaintiff's mark; (b) the offending mark was used by persons who have not been authorized or licensed by the plaintiff; (c) the defendants were using the offending mark in the course of trade; (d) the defendants used the offending mark in relation to goods in respect of which the trade mark is registered; and (e) the defendants used the offending mark in such a manner as to render the use of the mark likely to be taken as being used as a trade mark' (*Fabrique Ebel Societe Anonyme v Syarikat Perniagaan Tukang Jam City Port & Ors* [1988] 1 MLJ 188, per Zakaria Yatim J, as he then was).

A number of other provisions in the Trade Marks Act 1976, reproduced below, are also relevant.

> 35(1) Subject to the provisions of this act, the registration of a person in Part A or Part B as registered proprietor of a trade mark (other than a certification trade mark) in respect of any goods shall, if valid, give or be deemed to have given to that person the exclusive right to the use of the trade mark in relation to those goods subject to any conditions, amendments, modifications or limitations entered in the register.
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> (2) Where two or more persons are proprietors of registered trade marks which are identical or nearly resembling each other whether for the same goods or different goods rights of exclusive use of either of those trade marks are not (except so far as their exclusive rights have been defined by the register or court) acquired by any one of those persons as against any other of those persons by registration of the trade mark but each of those persons have the same rights as against other persons (not being registered users) as he would if he were the sole registered proprietor.
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> 40(1) Notwithstanding anything contained in this act, the following acts do not constitute an infringement of a trade mark —
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> (f) the use of a trade mark, which one of two or more registered trade marks which are substantially identical, in exercise of the right to the use of that trade mark given by registration as provided by this act.

The meaning of the words, 'domestic', 'household' and 'industrial', is also relevant.

The dictionary meaning of 'domestic' (*adjective*) is 'of the home, of the household', and the dictionary meaning of 'household' (*noun*) is 'the occupants of a house' or 'a house and its affairs' (*The Concise Oxford*

Dictionary (9th Ed)). *Black's Law Dictionary* (6th Ed) defines 'domestic' (*adjective*) as 'pertaining, belonging, or relating to a home ...' and defines 'household' (*noun*) as 'belonging to the house and family; domestic'. In that case, the meaning of 'domestic' (*adjective*) and 'household' (*adjective*) is the same, and the expression 'a domestic sewing machine' is the same as the expression 'a household sewing machine', as both expressions denote a sewing machine of the kind for domestic or household purposes. Then, according to the ordinary meaning of language, the applicants have a trade mark in respect of sewing machines designed for use in the home or household.

The dictionary meaning of 'industrial' (*adjective*) is 'of or relating to industry or industries' or 'designed or suitable for industrial use' (*The Concise Oxford Dictionary*). In that case, the expression 'industrial sewing machine' means a sewing machine for industrial use. It also translates that an industrial sewing machine is not designed or suitable for use in the home or household for domestic or household purposes. An industrial sewing machine may be used, of course, in the home or household, for a domestic or household purpose, for there is nothing preventing such use. Nonetheless, an industrial sewing machine will remain an industrial sewing machine. The use in the home or household of an industrial sewing machine for a domestic or household purpose will not transmute an industrial sewing machine into a domestic sewing machine.

By the same reasoning, the 'classification' of D2 as a domestic sewing machine in the Harmonized Commodity Description Code will not transmute D2, if D2 is not a domestic sewing machine, into a domestic sewing machine. The 'harmonized description of goods' under the code is to harmonise, as the title of the code suggests, the description of goods, amongst nations, and as PW1 explained, to facilitate trade between nations. But the 'harmonized description of goods' under the code is not necessarily a true and precise classification of goods. That is evident from the testimony of PW1 who explained that household goods under s XVI, 84.52 include all goods for use in hotels, restaurants, boarding houses, hospitals, canteen and barracks, notwithstanding that some goods for use in those establishments are not obviously household goods in the ordinary and true sense of the word. But evidently from the testimony of PW1, the expression 'household goods' in s XVI, 84.52 takes the special meaning of 'goods used in premises'. But that special meaning in the code to facilitate trade between nations is confined to the purposes of the code. For the purposes of the Trade Descriptions Act 1972 and Trade Marks Act 1976 and on the matter of the alleged infringement of the applicants' trade mark entered in respect of domestic sewing machines, the Harmonized Commodity Description Code is not the acid test to categorize D2. To be fair, D2 must be categorized by its function/s.

DW1 testified to the effect that D2 is a specialized machine for use in small factories and tailor shops, as it has only one function — to stitch the edges or stitch what is called an overlock (for a pictorial illustrations of an

overlock, see P6 pp 11, 12 and 14), and that D2 cannot stitch a garment, from the beginning to end. DW1 also testified that a domestic sewing machine has only one needle and one thread. And DW1's testimony was not challenged. Mr Huang submitted that it has been proved that D2 is an 'industrial sewing machine'.

The unchallenged evidence is that D2 has only one function (to stitch the overlock) and that D2 cannot stitch a garment, for example, from *alpha* to *omega*. But with that one function, could or would D2 have been designed for use in the home or household for domestic or household purposes? The other question is, which home or household has a sewing machine that will only stitch the overlock for domestic or household purposes? Reasonably, few homes or households use or may need to use a sewing machine that will stitch the overlock for domestic or household purposes. Reasonably, for domestic or household purposes, homes or households use and may need to use sewing machines that will stitch or sew simple apparels and garments. Reasonably, a specialized machine, such as D2, with only one function to stitch an overlock but not even with the primary and basic function to stitch a sarong, an apparel simple enough, could not reasonably have been designed for use in the home or household for domestic or household purposes. It must add up, and the deduction is consistent with the respondents' customs declaration and with the unchallenged evidence of DW1 that a domestic machine has one needle and one thread (whereas D2 has one needle and three threads — see P5), that D2 must have been designed for a specialized and non-domestic function. Since D2 is not a domestic sewing machine, then going by the agreement of the parties, there was no infringement of the applicants' trade mark.

In any event, the order sought could not have been granted. As said, the word 'PEGASUS' in red appears prominently below the respondents' red flying horse. That distinguishes the respondents' trade mark from the applicants' trade mark. The two trade marks are not identical or so nearly resembling each other, because of the distinguishing mark 'PEGASUS' below the respondents' red flying horse, as is likely to deceive or cause confusion in the course of trade in relation to goods in respect of which the trade marks are registered. Furthermore, s 35(2) of the Trade Marks Act 1976 clearly provides, where two or more persons are proprietors of registered trade mark which are identical or nearly resembling each other whether for the same goods or different goods, that rights of exclusive use of either of those trade marks are not acquired by any one of those persons as against any other of those persons by registration of the trade mark. The applicants have not acquired any exclusive use to its trade mark as against the respondents by registration of its trade mark. And besides, as Mr Huang correctly stated, the use of a trade mark which is one of two or more registered trade marks which are substantially identical in exercise of the right to the use of that trade mark given by registration as provided by this act does not constitute an infringement of a trade mark (s 40(1)(f)); see *Union Marketing (M) Sdn Bhd v Yeo Seo Khai* [1991] 3 CLJ 2602.

For the reasons aforesaid, the applicants' motion is dismissed with costs.

Motion dismissed with costs.

Reported by Joel Ng